subparagraph B unless all of subparagraph A is already satisfied. But if that were the case, the "provider" would not "request" the "access and interconnection," for it would already have it.

Further, the phrase "such provider" in subparagraph B is, as a matter of grammar, a reference only to the language "competing provider of exchange services" in the first sentence of subparagraph A, and a firm is "such" a prospective or actual "provider" of exchange services whether or not it also satisfies all the other requirements of subparagraph A. For example, a firm is "such [a] provider" whether or not it is currently receiving access and interconnection under approved agreements. The receipt of access is what converts a prospective provider of exchange service into an actual provider.

Similarly, a firm is an actual or prospective "provider" of exchange services, whether or not it has the kind of exchange facilities required by the second and third sentences of subparagraph A. In this regard, subparagraph A's second and third sentences have no pertinence whatever to the meaning of the term "such provider" in subparagraph B. Quite apart from the fact that these sentences apply only "for purposes of subparagraph A," they simply define the kinds of "exchange services" that must be offered by "such [a competing] provider" before all the other requirements of subparagraph A are satisfied. The second and third sentences of subparagraph A do not in any way define what it means to be an actual or prospective "provider" of local service.

The RBOCs' claim is also contrary to § 271's legislative history and purposes. In particular, the Conference Report on which the RBOC's rely refutes their view that a provider of local telephone service must previously have entered the local market and have become a facilities-based competitor with an approved interconnection agreement before it requests

interconnection. It states that Track B means only that an RBOC "is not effectively prevented from seeking entry into the interLATA services market simply because no facilities-based competitor that meets the criteria set out in new § 271(c)(1)(A) has sought to enter the market"[23] and the House Report makes it explicit that Track B applies only when there has been no "would-be-competitor" who "step[s] forward and request[s] access and interconnection."[24] Indeed, the history demonstrates that the point of Track A's facilities requirement is to confirm that the RBOC has "implement[ed] the agreement[s]" required by § 252 and to assure that a "competitor is operational."[25] But that purpose cannot be served if, as the RBOCs contend, Track A never applies.

Against this background, there is no question that Track A here applies. Numerous would-be-entrants have "requested access and interconnection," and none of the other exceptions to Track A have even been claimed to apply.

B. The Facilities-Based Competitor Requirement Of Section 271(c)(1)(A) Cannot Be Satisfied Unless A CLEC Is Actually Providing Residential Services And Is Doing So Predominantly Over Its Own Facilities.

Track A requires a showing that competing providers are actually providing telephone exchange service to residential as well as business subscribers and that they do so at least predominantly over their own facilities. See § 271(c)(1)(A). While it is undisputed that neither Brooks nor any other CLEC is today providing residential services in Oklahoma, the OCC argues that this requirement of Track A has been satisfied. Similarly, while the Justice

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23 H.R. Conf. Rep. No. 458, 104th Cong., 2d Sess., at 148 (1996).

24 H.R. Rep. No. 204, 104th Cong. 1st Sess., at 77-78 (1995).

25 H.R. Conf. Rep. No. 458, 104th Cong., 2d Sess. at 148 (1996).

Department disagrees with the OCC on the facts of the instant application, it contends that the facilities-based competition requirement of Track A can be satisfied by a firm that offers residential services exclusively through resale if the firm's overall business were predominantly facilities-based. Each claim is contrary to the Act's terms and purposes.

First, as the Oklahoma ALJ recognized, Brooks Fiber is not providing residential telephone service in Oklahoma.[26] That is because it is undisputed that Brooks Fiber has to date only activated "test circuits . . . to the residences of four of its Oklahoma employees" (who do not even pay for the service) and these "test circuits are provisioned through resale of SBC's local exchange service."[27] The OCC has nonetheless urged approval of SBC's application under Track A on the theory that it is sufficient under § 271(1)(e)(1)(A) that Brooks Fiber has made a "commitment to serve both business and residential customers in Oklahoma" in the future and has entered into an interconnection agreement with SBC that anticipates Brooks' provision of residential service.[28]

This claim is foreclosed by the terms of § 271(c)(1)(A), which require that there be a "competing provider of exchange services . . . to business and residential customers." It also ignores the fact that a basic purpose of the facilities-based competitor requirement is to

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[26] See ALJ Report and Recommendation at 14, 35; see also OCC Comments at 4-6; OCC Transcript of April 25, 1997 Hearing at 30-32.

[27] Comments of Brooks Fiber at 6; see Affidavit of John C. Shapleigh ¶¶ 3-6, attached to Motion to Dismiss and Request for Sanctions by the Association for Local Telecommunications Services, CC Docket No. 97-121 ("Shapleigh Aff.") (filed Apr. 21, 1997).

[28] OCC Comments at 5-6. Chairman Graves made his position on this topic clear during the hearing on April 25, 1997, in which he stated: "[W]e have signed interconnection agreements that seek to provide business and residential services. ... There are signed binding agreements that provide business and residential service. So we've met that element." Transcript of April 25, 1997 Hearing at 30 (emphasis added).

provide "tangible affirmation that the local exchange is indeed open to competition."[29] That a carrier may intend to provide local residential service, and has an approved interconnection agreement that anticipates the provision of such services, is simply not an "affirmation" that the local exchange market is open. To the contrary, when, as here, such carriers have been unable to serve residential customers, it is evidence of the precise opposite: that the arrangements necessary to the provision of residential service have not been implemented. Indeed, that is the case here. The reason Brooks has failed to offer any residential service is that SBC has refused to make commercially available the unbundled loops and physical collocation arrangements that the Act requires and that Brooks believes it needs to serve residential customers efficiently.[30]

Second, the Justice Department recognizes that Track A applies and that it has not been satisfied here because no CLEC is currently providing any form of residential service in Oklahoma. However, in the addendum to its comments, the Justice Department asserts that § 271(c)(1)(A) does not require that a CLEC provide residential services predominantly over its own facilities. Rather, in its view, this requirement of Track A is satisfied if there is a single provider that serves residential customers exclusively through resale arrangements under § 251(c)(4), provided that the competitor uses its own facilities to serve business customers and its "local exchange services as a whole are provided 'predominantly' over its own facilities." DOJ Addendum at 3. In the Department's view, § 271(c)(1)(A) requires only that "(1) the

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[29] H.R. Rep. No. 204, 104th Cong. 1st Sess., 76-77 (1995). The House Report continues: "In the Committee's view, the openness and accessibility requirements are truly validated only when an entity offers a competitive local service in reliance on those requirements." Id. The facilities-based competitor requirement of the Act was adopted "virtually verbatim" from the House bill. H.R. Conf. Rep. No. 458, 104th Cong., 2d Sess., 147-48 (1996).

[30] See Brooks Fiber Comments, Shapleigh Aff. ¶¶ 3-6.

facilities-based entry path is being used whenever requested, and (2) at least one facilities-based competitor is offering service to residential, as well as business subscribers." Id. It contends that "once these two basic conditions have been satisfied," there is "no reason" to delay RBOC entry into interLATA markets simply because firms that serve business customers over their own facilities find it "advantageous" to serve residential customers on a resale basis. Id.

However, there is every reason to delay entry in this event. Because of the enormous and well-documented limitations of total service resale,[31] the most plausible "reason" for a facilities-based CLEC's failure to serve residential customers through, for example, combinations of its own facilities and unbundled network elements is that the RBOC has failed to implement the arrangements necessary for a CLEC to use the elements and to serve residential customers by any means other than total service resale. Indeed, absent a finding that no CLEC has requested interconnection to serve residential customers, has negotiated in bad faith, or violated an implementation schedule, that is the only plausible explanation.

In this regard, the Justice Department's positions ignore the reason Congress required a showing that service is being offered to residential as well as business customers. Congress recognized that these two classes of customers have very different service needs and characteristics, and that while an RBOC may be unable to erect roadblocks that prevent all facilities-based competition for high volume business customers, those roadblocks can be effective in precluding any facilities-based competition for residential customers.

For example, it is the unavailability of unbundled loops and physical collocation arrangements that has prevented Brooks Fiber from serving residential customers over the

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31 See Local Competition Order, ¶¶ 332-334.

facilities that it uses to offer its limited business service. In this regard, the Commission has found that physical collocation is superior to virtual collocation in a wide array of conditions, and the virtual collocation that SBC offers is vastly inferior to physical collocation for the purpose of developing facilities-based residential service.[32]

Further, the legislative history of the Act makes it explicit that Congress intended proof that facilities-based telephone exchange service is provided to business and residential subscribers. The House Report states that "the Commission must determine that there is a facilities-based competitor that is providing service to residential and business subscribers" and that "the service [i.e., a facilities/checklist based service] must be made available to both residential and business subscribers." H.R. Rep. No. 104-204 at 76-77. And the Committee

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[32] See Local Competition Order, ¶ 559; Expanded Interconnection, 8 FCC Rcd. 7341, 7393 (1993). Physical collocation is superior because it (1) ensures a CLEC's control over its own equipment and secures it and competitively sensitive information that can be derived from it from access by LEC personnel, and (2) also facilitates the installation of equipment that permits the provision of innovative services, and of traditional services at considerable cost savings.

One example of such equipment is remote switching modules which, when physically collocated, will substantially reduce transport and switching costs by switching "line-to-line" calls (which account for 35 to 45% of all local traffic) without having to involve the host switch. A typical remote switching module is able to serve thousands of lines and takes up about 200 square feet of contiguous space. Because of the substantial cost savings offered by remote switching modules, they currently are used extensively by incumbents LECs, and CLECs may want to collocate this equipment in large central offices in order to be competitive in the local exchange market. A CLEC would never want to virtually collocate a remote switching module, however, because the CLEC would then lose control of access to this critical piece of equipment and would be forced to rely on the standards and performance of its competitor in performing repair and maintenance. In addition, a CLEC that depends on virtual collocation will be reluctant to install this equipment or other equipment that allows for innovative services such as ADSL & HDSL for one other reason. Because the incumbent would maintain the equipment, the CLEC would then give the incumbent LEC immediate access to competitively sensitive and proprietary information regarding the type of services being offered by the CLEC, the customer "take rate" for the new service, and the identities of the specific customers accepting the new service.

further emphasized that "the competitor [must] offer a true 'dialtone' alternative within the State, and not merely offer service in one business location that has an incidental, insignificant residential presence." Id. These concerns were then echoed by the Conference Committee, which pointed to facilities-based residential competition as illustrative of "the sort of local residential competition that has consistently been contemplated." H.R. Conf. Rep. No. 104-458 at 148. In short, far from relegating consumers to resale competition, § 271(c)(1)(a) reflects considered judgement that RBOCs must open both residential and business markets to facilities-based competition.

In addition, under the Department's position, the inclusion of residential customers in § 271(c)(1)(A)'s requirement of a facilities-based competitors would serve no purpose and would produce results that are wholly arbitrary. For example, the Department recognizes that § 271(c)(1)(A) would not be satisfied if a state contained one firm that used its own facilities to serve substantial numbers of business customers and a second firm that serve lesser numbers of residential customers through resale. Yet the foregoing residential services would have no greater competitive significance if the discrete residential resale offerings and facilities-based business offerings were combined in a single firm. That is why § 271(c)(1)(A) requires that there be "competing providers of exchange service" both to "residential and business subscriber" and that "such telephone exchange service" be offered at least "predominantly over [the CLEC's] own telephone exchange service facilities."

C. The Track A Requirement That An RBOC "Provide" All Checklist Items Cannot Be Satisfied By Showing That The RBOC Is "Generally Offering" The Items Pursuant To An SGAT.

Finally, the Department (joined by the RBOCs) has urged a position that would eliminate the principal other distinction between Track A and Track B. See AT&T Comments at 11. In particular, while Track B requires only that an RBOC has "generally offered" access and interconnection that "meets the requirements" of the checklist, "pursuant to an [SGAT]" (§§ 271(c)(2)(C)(i)(I) & (ii)), Track A requires that the RBOC actually "is providing" such access and interconnection (id., §§ 271(c)(2)(A)(II) & (ii)).

As all recognize, an RBOC cannot be found to be "generally offering" the items on the checklist unless the required access and interconnection arrangements are presently actually commercially available. See Bell Atlantic Comments at 6; DOJ Comments at 24 & n.31. But the Justice Department and the RBOCs take the position that this is also the meaning of Track A's more stringent requirement that an RBOC is "providing" a checklist item. In their view, the term "provide" requires only that an RBOC "has a concrete and specific legal obligation to provide it, is presently ready to provide it, and makes it available as a practical as well as formal matter." DOJ Comments at 23-24; accord Bell Atlantic Comments at 7.

While the Department does not attempt to square this proposed interpretation with the language of the Act, the RBOCs contend that § 271(c)(2)'s terms adopt a "mix and match" standard in which there is no distinction between Track A or Track B and in which RBOCs can satisfy the individual checklist items by showing either that the RBOC is providing the element pursuant to an agreement or that the RBOC is generally offering it pursuant to an SGAT. See Bell Atlantic Comments at 5-6; BellSouth Comments at 7-12. But that is not what § 271(c)(2)

plainly says. See AT&T Comments, pp. 10-14. Beyond that, §§ 271(d)(3)(A) & (B) unambiguously provides that a different and stricter showing (full implementation) is required to satisfy the checklist when an application is analyzed under Track A, rather than Track B.

Finally, this debate should be much ado about little. If it ever were the case that individual checklist items were not requested by a CLEC and were thus not being provided, the Commission has ample authority to treat its general commercial availability under an SGAT as satisfying the requirement. See pp. 23-24, supra. By contrast, where -- as will typically be the case and as is true here -- all checklist items are being pursued by multiple CLECs, the actual provision of the item is required because that is the best evidence of its actual availability and implementation. That, in turn, is why Congress established the requirements of Track A as the general rule and permitted the Track B showings to be made only when, as is not the case here, certain exceptional conditions are shown to exist. See H.R. Conf. Rep. No. 104-458, at 148.

CONCLUSION

For the reasons stated herein and in AT&T's initial comments, the application should be denied.

Respectfully submitted,

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May 27, 1997

EXHIBIT 1

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Southwestern Bell

Fastwit® Fax Note 7671	Date 5/13	# of pages ▶ 3
To Nancy Dalton	From Bill Schindler	
Co./Dept.	Co.	
Phone #	Phone # 314-235-6436	
Fax # 972-778-2620	Fax #	

May 14, 1997

Ms. Nancy Dalton
AT&T
5501 LBJ Freeway
Suite 845
Dallas, TX 75240

Dear Nancy,

This is in response to your communication dated May 12, 1997 (faxed May 2, 1997), which responded to SWB's ICB pricing proposal for Customized Routing in the state of Texas.

AT&T is correct in describing SWB's position that Customized Routing will be treated on an individual case basis (ICB). This has been SWB's stated position during each and every discussion of the topic from the beginning of price discussions and remains constant in each individual state negotiation process between our companies. Costs incurred by SWB in providing Customized Routing should be recovered from the requester (the cost causer).

Further, SWB is willing to work with and help AT&T develop a complete, firm order for Customized Routing. Once AT&T agrees to pay our valid charges, implementation work will begin. A correction in quoted prices provided later in this communication may help facilitate such an agreement.

The requirement for direct end office connections has been communicated verbally to AT&T in multiple conference calls that addressed the ordering and implementation of Customized Routing. AT&T is also aware that SWB challenged all Customized Routing contract language proposed by AT&T that contained references to Access Tandems.

AT&T's memo seeks further information regarding the technical limitation which prevents SWB from performing Customized Routing at the Access Tandem. Customized Routing is required at the end office due to the fact that if SWB placed the AT&T local operator or directory assistance call on the common transport trunks which exist between our end offices and tandems, there is nothing to distinguish between those AT&T calls and those of other providers once the calls arrive at the tandem. This fact was recently acknowledged and confirmed by AT&T during the May 7, 1997, conference call between our companies.

We agree with AT&T that discussions regarding the technical feasibility of digit translation (The term "digit translation" lacks meaning to most SWB switch SMEs. SWB would prefer to characterize the request as a code/signaling conversion) should not impact the implementation of Customized Routing. SWB's Customized Routing does not provide for any code conversion/signaling conversion. Therefore, SWB reiterates that any code conversion/signaling conversion, which may be technically feasible, is not a component of Customized Routing and that AT&T should utilize the Special Request Process to formalize this specific request. SWB is currently evaluating technical information provided by AT&T in April regarding the feasibility of providing such a code conversion/signaling conversion.

However, the information provided by AT&T (5E and DMS 100) only deals with two of the four switches in SWB's network. SWB would ask AT&T to forward any information it possesses concerning the other switches in the SWB network and their capability to perform the required function. In the event such information is unavailable, SWB asks that AT&T consider the complexities involved for both our companies, should AT&T request a service which provides only a partial solution to the desired outcome.

SWB does not see the Special Request process as limiting or time constraining. To the contrary, utilization of this process will likely serve to improve the communication between our companies on this highly complex subject, in that part of the process involves a concise, detailed written description of what SWB is being asked to accomplish.

SWB does not intend to charge AT&T for the conversion of Customized Routing LCCs to the AIN method. It is, however, SWB's intention to recover a reasonable portion of the AIN development costs from the cost causers, which includes AT&T and other LSPs that intend to utilize customized routing.

As we explained in our April 28, 1997 letter, the prices quoted were based on the specific AT&T request which was modified by SWB as described (e.g., costs to provide Customized Routing were not included for offices with invalid requests (tandem trunks, invalid trunk groups, etc.)) We have discovered that a modification of the prices for building LCCs is required due to a misinterpretation of some of the cost input. We apologize for any inconvenience this has caused. Following are the corrected LCC rates:

Resale Customized Routing via Line Class Codes-TEXAS ONLY

$351,634.00 plus the following first LCC in each end office and additional LCC in the same end office at the same time:

5ESS	$561.00 1st LCC	$510.00 each additional LCC
1AESS	$420.00	$97.00
DMS100	$541.00	$102.00
DMS10	$323.00	$119.00
Ericsson	$34,007.00	$6815.00

No recurring charges will be assessed.

In an effort to make the explanation of charges simpler and clearer, we have provided AT&T with the an implementation cost per Line Class Code, per office implemented. In this manner, it is our hope that AT&T can more clearly understand its cost for Customized Routing. AT&T knows where specific office types are located in SWB's network and can therefore determine the cost for deployment of Customized Routing as it relates to AT&T's market entry plans.

As SWB mentioned in our April 28, 1997 letter, we believe the AIN approach to be far superior to the LCC method of providing Customized Routing and intend to convert from LCC to AIN as soon as practical. Even with the significantly reduced rates reflected above, SWB would like to request that, to the extent possible without negatively impacting entry plans, AT&T consider awaiting the AIN approach scheduled for the end of this year, for as much of its need as practical. SWB is willing to work with AT&T in developing a plan which would minimize the number of interim LCCs which must be built.

In summary, SWB is ready to proceed with the implementation of Customized Routing with AT&T. However, before such activity can begin, SWB requires the following:

1. Complete and accurate ordering requests for the offices in which AT&T requests Customized Routing via the LCC approach. This process was discussed during the May 7, 1997 conference call between the two companies. As a result of that call, Julie Cooper will provide SWB with a revised Customized Routing request.

2. An agreement by AT&T to pay the charges as specified by SWB for Customized Routing.

Please call me with any questions that you may have.

Sincerely,

Bill Schindler

CC: Marcia Weaver
Sarah Blanks
Julie Cooper

EXHIBIT 2

Nancy Dalton
SW Region Business
Planning Vice President

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972 778-2618

May 15, 1997

Mr. Bill Schindler
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Via Fax: 314-235-2491

Subject: Texas Operator and Directory Assistance Services

Dear Bill;

Thank you for your May 14 response to my letter faxed to you on May 2, 1997. Although the prices proposed by Southwestern Bell (SWBT) for Texas have been significantly reduced from approximately $310 Million to between $15 Million and $20 Million, the prices proposed to AT&T by SWBT remain exorbitant. We are still in the process of calculating the actual price based on SWBT's end office switch types but have identified that of the 400+ SWBT end offices in Texas, at least 134 of them are Ericsson switches for which SWBT's price is approximately $10 Million based on your current price proposal.

As stated in my letter faxed to you on May 2, 1997, the issue of customized routing was arbitrated in Texas and prices were not 1) proposed by SWBT through the stipulated agreement process; 2) ordered by the Texas Commission; 3) proposed by SWBT during negotiations with AT&T; or 4) included in SWBT's cost studies provided in the Texas cost proceedings. In fact, it was not until the hearings were underway in the Texas Arbitration proceedings that SWBT acknowledged customized routing to be technically feasible. In addition, the only pricing proposal, other than an avoided cost discount proposal, AT&T received from SWBT during the Texas negotiations was on October 31, 1996. This pricing proposal did not include a price for customized routing, nor did it include the topic of customized routing with an individual case basis (ICB) placeholder. AT&T's position remains unchanged. AT&T's position is that customized routing should be implemented based on AT&T's request and AT&T will agree to reimburse

SWBT for any costs that are applicable on a true-up basis provided costs are either agreed to through negotiations or concluded as a result of an arbitration proceeding should our Companies not reach a negotiated agreement.

Based on our customized routing pricing positions, AT&T is left with no choice other than to purchase Operator Services and Directory Assistance Services from SWBT in order to preserve its market entry plans and not introduce further delays. To that end, **this letter serves as AT&T's official request for SWBT to provide local operator services and local directory assistance services to AT&T local customers in the State of Texas on behalf of AT&T beginning on June 15, 1997. If there are any jeopardies associated with this request, please notify AT&T of the specifics surrounding such jeopardies not later than noon on Friday, May 16, 1997, via voice mail to me at (972) 778-2619 and in writing via fax to me at (972) 778-2620.** This request provides SWBT with the thirty-day notification timeframe that has been agreed to by the AT&T and SWBT implementation teams. The information required by SWBT to provide these services on behalf of AT&T is included in the attached SWBT required forms and is also being electronically transmitted to you by Julie Cooper. The information attached includes, but is not limited to, the information outlined in the OS and DA Resale sections of the AT&T/SWBT Interconnection Agreement, e.g.:

- AT&T Branding phrase to be used when providing local operator services and directory assistance services to AT&T local customers. Please provide AT&T with a listing of any and all SWBT directory assistance platforms and operator services platforms that will not be capable of branding AT&T as of June 15, 1997, along with the scheduled date such platforms will have the AT&T branding capabilities implemented. Please provide this information to me by end of business Thursday, May 22, 1997, via fax to (972) 778-2620. It is AT&T's understanding that for any SWBT operator services or directory assistance platforms that do not have the AT&T branding capability, SWBT will not brand AT&T customer calls that are handled by a live SWBT operator. Please also confirm this understanding by end of business Thursday, May 22, 1997, via fax to me.

- AT&T rate table information. This information is competitively sensitive and therefore confidential. AT&T operator services and directory assistance rate information is to be used by SWBT solely for the purpose of quoting an AT&T rate to an end-user customer based on a customer request and is not to be used for any other purpose, e.g., to prepare competitive offers and/or responses, to create marketing plans, or to be used in media and/or advertisements. AT&T is providing its rates to SWBT for the purpose of providing customers with rate quotes as a result of SWBT's refusal to route such end-user customer requests to AT&T as it does for long distance requests today. As I mentioned to you during our telephone conversation on May 13, 1997, SBC's California implementation includes an agreement whereby requests for AT&T rate quotes are transferred to

AT&T on a 0- transfer basis and AT&T is not required to divulge its rates. AT&T requests a written response from SWBT with respect to why it will not support an implementation approach in Texas that is consistent with what has been implemented in California by end of business Thursday, May 22, 1997, via fax to me. AT&T's experience in California has validated that the volume of rate quote requests is minimal; in California the highest volume received to date is 6 requests per day. It is AT&T's position that such a small volume of traffic does not justify requiring AT&T to divulge its rates and rate structures to its competitor.

- All other information requested on SWBT's forms for the provision of operator services and directory assistance services is also included.

As AT&T's agent for the provision of local operator services and directory assistance services to AT&T local customers, AT&T is requesting that effective June 15, 1997, SWBT provide AT&T with a weekly report identifying the volume of operator services inquiries received from AT&T customers that are non-revenue generating in nature (e.g., requests for the correct time, inquires regarding an NPA or NXX for a given area, etc.) as well as a summary of the number of AT&T customer call attempts that are not completed.

In order to ensure that AT&T's market entry plans are not delayed, AT&T must emphasize that for operator services and directory assistance services provided by SWBT on AT&T's behalf, AT&T will pay to SWBT only the costs associated with end-user calls that are completed based on SWBT's per-call retail rate less the 21.64% avoided cost discount. In addition, SWBT will apply the same number of free directory assistance calls per line/per month to AT&T's end-user customers as the number of free directory assistance calls per line/per month that SWBT offers to its end-user customers. To the extent SWBT determines that additional costs are applicable to AT&T that are not specified in this paragraph or not included within the AT&T/SWBT Texas Interconnection Agreement, AT&T will agree to reimburse SWBT for any such costs on a "true-up" basis if AT&T and SWBT reach a negotiated agreement through the Texas cost proceedings or if an arbitrated decision from the Texas PUC deems such to be appropriate.

It continues to be AT&T's desire to have customized routing implemented in order for AT&T to directly provide operator services and directory assistance services to its end-user customers. As a result, AT&T's request for SWBT to provide these services to AT&T's customers will be on an interim basis. Therefore it is imperative that our Companies continue to work the details necessary to implement customized routing so that it can be activated on an immediate basis at the time we resolve the pricing disputes.

In your May 14, 1997, letter, SWBT continues to advocate AIN as a preferred method to provide customized routing in comparison to the line class code solution. AT&T requests

that SWBT provide its AIN availability schedule by end office and any modifications that it may have made to the prices provided in your April 28 letter by end of business Thursday, May 22, 1997, via fax to me. AT&T will use this information for consideration purposes only and as a result this request does not modify AT&T's urgent need to implement a solution as soon as our pricing disputes are resolved.

In your May 14, 1997, letter, you also continue to clarify SWBT's position regarding access to 900 "code/signaling conversion" outlining that AT&T must follow the special request process. AT&T understands SWBT's position and will initiate the special request process for this capability in Texas at the time that AT&T deems it appropriate to do so.

If you have any questions regarding AT&T's request, please feel free to contact me at (972) 778-2619. If you have any questions regarding technical implementation issues, please contact Julie Cooper at (972) 778-2660.

Sincerely,

Nancy M. Dalton

Nancy M. Dalton
SW Region Business Planning VP

CERTIFICATE OF SERVICE

I, Thomas Blaser, do hereby certify that on this 27th day of May, 1997, copies of the foregoing Reply Comments of AT&T Corp. were served, unless otherwise denoted, by U.S. mail, postage prepaid, upon the parties listed on the attached service list.

THOMAS BLASER

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